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C O N F I D E N T I A L SECTION 01 OF 06 MANILA 005357

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DEPT FOR EAP, EAP/MTS, EAP/MLS, IO/UNP, DRL/IRF, S/CT, G/TIP
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NSC FOR H. MORROW

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TAGS: [PREL](#) [PTER](#) [PHUM](#) [ECON](#) [EAID](#) [RP](#) [UNSC](#) [APEC](#)

SUBJECT: EAP DAS JOHN LEADS NOVEMBER 11 BILATERAL
DISCUSSIONS WITH GRP

REF: A. MANILA 5331

[B](#). MANILA 5329

[C](#). MANILA 5328

[D](#). MANILA 5317

[E](#). MANILA 5276

[F](#). USUN NEW YORK 1996

Classified By: Charge d'Affaires, a.i., Paul W. Jones for
reasons 1.4 (b) and (d).

[1](#)1. (C) Summary: EAP DAS John and Charge held extensive discussions on bilateral issues with DFA A/S for American Affairs Abadilla and Philippine Ambassador to the U.S. Del Rosario on November 11. DAS John underscored that the primary purpose of his visit to the Philippines was to focus on substantive issues on both sides' bilateral agendas. The two sides agreed on the importance of continued cooperation in the counterterrorism area and in APEC. The GRP side presented a proposal for a USG-GRP "Enhanced Bilateral Cooperation Framework," and reviewed earlier proposals by House Speaker De Venecia for a "debt for equity" plan and an international "Interfaith Dialogue." The GRP side said it was committed to progress in countering human trafficking and expressed optimism on finalizing its Millennium Challenge Account (MCA) Threshold Plan soon. The GRP side also described plans for commemorating the centennial anniversary of Philippine migration to the U.S. in 2006. DAS John and Charge held a press event after the talks. Text of the statement made by DAS John at the event is in para 13. Text of a DFA press release regarding the discussions is in para [14](#). (Reftels review DAS John's meetings with President Arroyo, Foreign Secretary Romulo, and GRP Defense officials.)
End Summary.

Overview

[1](#)2. (C) In discussions on November 11 in Manila with the Philippine Department of Foreign Affairs (see list of participants in para 15), EAP DAS Eric G. John underscored that the primary purpose of his visit to the Philippines was to focus on substantive issues on both sides' bilateral agendas. He noted that these were the kind of talks close allies hold, and said that he wanted to get away from a reactive, event-driven relationship so that both sides could focus on areas where they could achieve results. DAS John added that we look forward to continued high-level discussions to advance our close cooperation on issues of mutual interest.

New and old proposals

[1](#)3. (C) GRP Ambassador to the U.S. Albert Del Rosario began by presenting a GRP proposal calling for a USG-GRP "Enhanced Bilateral Cooperation Framework" (text in para 7). Del Rosario related that the proposal called for "focused" bilateral cooperation on three broad areas: defense and security, including law enforcement; socio-economic development in the Philippines; and cooperation on peace process and development issues involving Mindanao. DAS John commented that the proposal was interesting and he promised to take the proposal back to Washington for further consideration.

[1](#)4. (SBU) Assistant Secretary of Foreign Affairs for American Affairs Ariel Abadilla and Del Rosario also shared two earlier proposals by House Speaker Jose De Venecia: the first involving a "debt-for-equity" plan for developing countries (ref F) and the second involving an international "Interfaith Dialogue," which would include a large conference to be held in Manila in January 2006. Del Rosario commented that the dialogue could involve bringing together Shiite and Sunni Muslims in Iraq. (Note: At a November 11 dinner held in DAS John's honor, De Venecia personally reviewed these proposals at length and urged USG support. End Note.)

Counterterrorism

[1](#)5. (C) Turning to counterterrorism issues, Abadilla quoted a

recent Australian press report calling the Philippines the region's "weak link" in the fight against terrorism and asked whether the USG concurred with that view. DAS John replied that the USG was generally quite pleased with the GRP's counterterrorism efforts but supported the passage of comprehensive counterterrorism legislation and urged the GRP to continue to apprehend more terrorists operating within its borders. Charge added that improved coordination among the armed forces, the police, and other GRP elements was essential in the fight against terrorism. Ambassador Del Rosario noted that the GRP greatly appreciated the counterterrorism assistance rendered by the USG to the GRP but that, up to now, most U.S. counterterrorism assistance had focused on Mindanao and Muslim militant groups. He said that the GRP believes that counterterrorism cooperation should be expanded to address "the growing threat" posed by the Communist New People's Army (NPA).

16. (C) Re the peace process, Abadilla said he expected talks with the Moro Islamic Liberation Front (MILF) to resume now that the Muslim holidays were coming to an end. He thanked DAS Jones for USAID's continued support of the peace process.

Charge reiterated the U.S. commitment to supporting negotiations and the willingness to doing everything appropriate to help, including providing similar assistance to the MILF as was provided to the Moro National Liberation Front (MNLF), once a peace agreement is finalized and implemented. He solicited the GRP's input on what further steps would be of most use in moving the talks forward.

Millennium Challenge Account

17. (SBU) GRP officials described their preparations for the GRP's Millennium Challenge Account Threshold Program country plan and expressed optimism that the GRP would complete the plan soon. They cited ten recent cases filed against corrupt government officials and a doubling of the cases filed against tax evaders as evidence of the GRP's seriousness in carrying through on its anti-corruption and fiscal reform proposals. DAS John encouraged the GRP to think expansively regarding what types of assistance it needed under the program.

APEC

18. (C) DAS John underscored the importance of several issues to be discussed at the upcoming APEC forum in Busan, Korea, such as the current Doha round of WTO talks, terrorism, and energy security. He encouraged APEC economies to continue to reduce barriers to trade, to work with private energy companies in order to increase efficiency, and to diversify their energy portfolios. Econ Counselor flagged that Philippine Airlines (PAL) was seeking to purchase additional long-range aircraft and pointed out that the Boeing 777 (currently under consideration for purchase by PAL) was 20 percent more fuel efficient than its Airbus rival (ref E).

Trafficking in Persons

19. (C) DAS John urged the GRP to take stronger steps to address the problem of trafficking in persons, especially in the areas of prosecuting and convicting traffickers. He flagged the December 3-6 visit of Ambassador John Miller of G/TIP as an opportunity for the GRP to demonstrate the actions it was taking to confront the problem. The Philippine side stressed that the GRP took the issue seriously and reiterated that the matter was receiving high-level attention.

Anniversary of Philippine Migration to U.S.

10. (U) Del Rosario noted that the Governor of Hawaii planned to visit the Philippines in January 2006 to celebrate the centennial anniversary of the first migration of Filipinos to the U.S. He added that the Smithsonian Museum was now preparing an exhibition on the matter. DAS John commented that this was a very worthy project and promised that the USG would explore ways in which it could support the effort.

Press Conference

11. (U) Following the afternoon session, DAS John and Charge held a press conference with national media. DAS John read a statement about the discussions (text in para 13) and the DFA later issued its own press release (text in para 14). (Note: A full transcript of the press conference is available on Embassy Manila's web site at <http://manila.usembassy.gov>. End Note.)

"Enhanced Bilateral Cooperation Framework"

12. (SBU) Begin text:

The Philippines and the United States:
Towards an Enhanced Bilateral Cooperation Framework

Recognizing the importance of their Alliance as a pillar of Asia-Pacific security, and of their traditional friendship as allied democracies in defending the security of their people, the Philippines and the United States will elaborate a Framework to enhance their bilateral cooperation in areas of priority mutual interest.

This also is in keeping with the spirit of the ASEAN-US Enhanced Partnership. The new Philippine-American cooperation Framework carries forward, on a bilateral level, key objectives of the ASEAN-US Enhanced Partnership.

THE FRAMEWORK ACTION PLAN

Under the Framework Action Plan, the Philippines and the United States will focus their cooperation on three major areas, namely:

(1) Defense and security cooperation, including law enforcement, to strengthen counterterrorism cooperation and capabilities;

(2) Socio-economic development cooperation in support of the Philippines' reform and anti-poverty agenda; and

(3) Cooperation for the peace process and development in Mindanao.

To deepen cooperation in each of these three areas, the Philippines and the United States will:

DEFENSE AND SECURITY COOPERATION

Launch a strategic dialogue at senior official-level to consult on bilateral, regional and global issues of mutual concern.

Advance cooperation to implement the Philippine Defense Reform Program (PDRP).

Continue to focus on improving the mobility of Philippine security forces.

Pursue a robust program of defense and security cooperation, including joint training exercises, military education, capacity-building for the AFP in surveillance, intelligence, reconnaissance, mobility, communications and humanitarian activities.

Deepen law enforcement cooperation to improve counter-terror capabilities of the Philippine police and other law enforcement agencies to cover border security, customs, terrorist financing and money laundering, cyber-terrorism, transportation and ports security.

SOCIO-ECONOMIC DEVELOPMENT COOPERATION

Revitalize the bilateral dialogue under the RP-US Trade and Investment Framework Agreement (TIFA) in order to address IPR and other bilateral issues, to expand Philippine access to the American market, and to increase American investment in the Philippines, especially in agriculture and natural resources, infrastructure development, information technology and housing, with appropriate assistance from OPIC, US Eximbank and US TDA.

Continue with consultations on a bilateral RP-US Free Trade Agreement (FTA) and maintain a close dialogue on regional economic trends.

Implement comprehensive cooperation to boost Philippine reform, development, counter-corruption and improved governance through programs of USAID, PL-480, the MCA and other US development assistance mechanisms.

Carry forward with cooperation to facilitate and to reduce the transaction costs of overseas remittances through programs with USAID, the US Treasury, the US Federal Reserve and the US FDIC.

Expand cooperation on socio-economic issues that have a strong transnational dimension, especially human trafficking, the environment, pandemic flu and other health concerns.

COOPERATION FOR MINDANAO PEACE AND DEVELOPMENT

Maintain robust support for the Mindanao peace process, where significant progress has been made in the GRP-MILF peace talks towards a possible peace agreement by early next year, through programs of USAID and USIP aimed at rebel returnee

integration, community and livelihood development, conflict resolution management, public diplomacy for peace, and post-conflict recovery and rehabilitation.

Promote a durable and long-term peace by expanding cooperation in education, interfaith dialogue and institutional capacity-building with special attention in the ARMM and Muslim communities in Mindanao.

IMPLEMENTATION AND MEASURING PROGRESS

The Philippines and the United States will identify and task their respective agencies that will be responsible for ensuring a focused implementation of the Framework Action Plan. There will be regular consultations to monitor the progress of its implementation and of its results.

End Text.

113. (U) Text of opening statement by DAS John at press event held at Embassy on November 11, 2005:

The reason I came to the Philippines today, a trip we have been planning for many weeks now, was to hold bilateral agenda talks. The bulk of my time was spent with the Department of Foreign Affairs and we focused on the many substantive issues this relationship covers. These are the types of talks that close allies hold. I was reminded, in fact, of that very close alliance and the nature of that alliance when I attended Veterans Day ceremonies today at both the American and Philippine veteran cemeteries. These veterans paid the ultimate sacrifice to defend and build the type of alliance that we have today and that we are keeping vital and important.

The issues we covered today in our talks were Philippine Defense Reform Program (PDR), counter-terrorism cooperation, law enforcement cooperation, and more. We want to build enhanced cooperation in law enforcement and the U.S. is looking for ways to help and support the Republic of the Philippines transform its police, to deal with the types of threats that it faces today, which include trafficking, counter-terrorism, intellectual property rights violations, as well as to strengthen the links between police and prosecutors in the judicial system.

We also looked at the Millennium Challenge Account. We see the MCA as an opportunity for the U.S. and the Philippines to work together on anti-corruption and building fiscal capacity. We talked about the Trade and Investment Framework Agreement (TIFA). We have in the Philippines one of the most dynamic TIFAs in the region. We have energetic discussions within the TIFA framework, and we use that to address such issues as Intellectual Property Rights enforcement. The Philippines reiterated its commitment to the TIFA today, as did we.

Trafficking in persons is another area that we discussed. We looked at the cooperation that we have in anti-trafficking and the United States certainly noted the resolve of President Gloria Macapagal Arroyo and the government here to deal resolutely with this very important issue. We looked at our cooperation in multilateral fora such as the United Nations, ASEAN, APEC, and the WTO. We discussed areas of common interests in all of those fora.

We looked at senior level visits, and trying to get as many senior level visits on both sides is important for an alliance like this. In this regard, Secretary Cruz is visiting Washington next month at the invitation of Secretary Rumsfeld. This will be an excellent opportunity to talk about Philippines Defense Reform, counter-terrorism, and other defense related issues. We discussed Mindanao, the ongoing peace process there and U.S. interest, not only in terms of our support of the peace process, but U.S. interest - after an agreement is reached there - to provide appropriate assistance for that process. Finally, we looked at next year's centennial of the first Philippine migration to the United States and ways that we can commemorate that.

I had the opportunity to talk about many of these issues with President Gloria Macapagal Arroyo this afternoon, and the talks at both Malacanang and the DFA were very productive. The United States has every confidence in the Philippines as a very close partner in moving forward on these important issues. With this type of mutual cooperation, I see our alliance as one that is going to remain vital and continue to serve the interests of both of our nations and particularly the American people and the Filipino people.

End Text.

114. (U) Text of DFA's press release on bilateral discussions, issued November 14, 2005:

US DEPARTMENT OF STATE OFFICIAL CALLS ON PRESIDENT GLORIA MACAPAGAL-ARROYO

11 November 2005) US Department of State Deputy Assistant Secretary for East Asian and Pacific Affairs Eric G. John

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called on President Gloria Macapagal-Arroyo today and reiterated the US Government's confidence in moving forward a more substantive agenda in RP-US relations. John said the Philippines can expect more visits from U.S. senior-level officials in the months to come.

"The discussion focused on many substantive issues; these are the types of talks that close allies hold" according to Mr. John. He conveyed that the U.S. is keen in supporting the Philippines' implementation of priority programs, including the Philippine Defense Reform Program (PDRP), counter-terrorism measures, and economic and fiscal initiatives like the E-Vat and Millennium Challenge Account.

President Arroyo discussed with Mr. John the Philippines, initiatives and progress not only in counter-terrorism but also in addressing the issues of Intellectual Property Rights (IPR) violations and human trafficking. In fact, the Presidential Spokesman reiterated yesterday that the Arroyo Administration's efforts to combat human trafficking have never wavered.

Earlier in the day, Mr. John called on DFA Secretary Alberto G. Romulo and also discussed law enforcement cooperation, the Millennium Challenge Account, areas of common interest in the UN, ASEAN, APEC, and WTO, the Mindanao Peace Process and the commemoration of the Centennial of Filipino Migration to Hawaii. Secretary Romulo expressed confidence in maintaining and strengthening RP-US alliance. "This continuing dialogue with US officials reaffirms our traditional friendship as allied democracies and paves the way in pursuing a more focused and strategic bilateral cooperation framework," Secretary Romulo explained.

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During the call on both Secretary Romulo and President Arroyo, Mr. John expressed regret on the alleged incident in Subic and assured the Philippine Government of US cooperation in pursuing the truth. US Embassy Charge d'Affaires Paul Jones added that "the US Government will follow the spirit and letter of the Visiting Forces Agreement (VFA)," and that "the focus on the case is in letting the investigation take its course."

End Text.

15. (U) Participants in the discussions included:

U.S.:

EAP DAS Eric G. John
Charge d'Affaires Paul W. Jones
Economic Counselor Robert P. Ludan
Acting Political Counselor Joseph L. Novak
Consular Officer Shawn Waddoups (Notetaker)
Political Officer Timothy Cipullo (Notetaker)

GRP:

Philippine Ambassador to the U.S. Albert Del Rosario
DFA A/S Ariel Abadilla
DFA Principal Assistant Leah Victoria Rodriguez
DFA Special Assistant Maria Lourdes Montero
DFA Director of U.S. Division Maria Josephina Ceballos
DFA Americas Desk Officer Angelito Nayan
DOF Undersecretary of Domestic Finance Gil Beltran
DOF International Finance Group Chief Araceli Habaradas
DOF Special Assistant to Finance Secretary Lea De Leon

16. (U) DAS John approved this message.

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Jones